

GEORGIA REVENUE QUARTERLY



Roy E. Barnes, Governor

T. Jerry Jackson, Commissioner

Second Shop Georgia! Set For August 2-3

Georgia shoppers get another opportunity to shop for certain items free of state and local sales tax during the second Shop Georgia! holiday. The tax-free period begins at 12:01 a.m. Friday, Aug. 2 and continues until midnight Aug. 3. The first Shop Georgia! was held on March 29-30.

During the 48-hour period, sales tax will not be collected on certain items of clothing and footwear, school supplies and computer purchases.

The sales tax exemption is intended only for individuals and their personal use. It does not apply to purchases by businesses, to items leased or rented, or items sold at sports facilities, theme parks, restaurants, public lodging establishments and airports.

Clothing and footwear is exempt up to \$100 per item and there is no limit on the number of eligible clothing and footwear items an individual can purchase. Items that exceed the \$100 limit will be taxed on their full purchase price.

Athletic clothing or footwear that is not normally worn except for its intended use is not exempt. For example, since basketball shoes are worn for many activities other than basketball, the tax will not be due during the holiday period. However, golf shoes and football cleats are rarely worn except when playing golf or football and thus are not tax exempt.

School supplies are exempt up to \$20 per item and like clothing and footwear, there is no limit on the number of items purchased. Children's books and books on school reading lists for kindergarten through 12th-grade students have been included in this category. Sales tax will be due on the total purchase price of any individual item or eligible book that exceeds the \$20 cap.

The first \$1,500 of purchases that include a computer base unit is exempt. A computer base unit is either a desk top, laptop or tower computer system. Printers, scanners, monitors, educational software, modems and other similar items are exempt when purchased with a base unit. They are not exempt if purchased separately.

Sales tax will be due on the amount that exceeds the \$1,500 cap on purchases that include a base unit and other computer accessories.

Computer software that is considered recreational is not tax exempt. Also, the exemption does not include furniture, cell phones or similar items.

Additional information can be obtained from the Department of Revenue's regional offices or by calling toll free (888) 353-4595. A Shop Georgia! tax specialist will be available at this number Monday through Friday and Aug 3 between 8 a.m. and 4:30 p.m. During nonbusiness hours, you can leave a message, which will be responded to during the next business day.

A comprehensive list of exempt and nonexempt items, frequently asked questions and more sales-tax holiday information is available at the DOR website www.gatax.org.

The list of exempt and nonexempt items and frequently asked questions is also available via DOR's fax-on-demand at 404-417-6011. Use option two and select item 515

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Zero Emission Tax Credit Approved For 2001 Tax Year

Georgia taxpayers who purchased or leased a low speed vehicle and placed it into service prior to Dec. 31, 2001, are eligible for a \$5,000 zero emission tax credit.

Vehicles that were placed into service after Dec. 31, 2001, are not eligible for the credit.

This tax credit provision was included in House Bills 1389 and 1439, which were passed during the last session of the Georgia legislature.

Zero emission vehicles are defined in O.C.G.A. 48-7-40.16 as motor vehicles which have zero tailpipe and evaporative emissions as defined under rules and regulations of the Board of Natural Resources.

They include electric vehicles whose drive trains are powered solely by electricity without any on-board combustion device.

The credit should be taken on Form 500, page 3, schedule 2, line 2. Individuals who are eligible for the credit and have filed their 2001 should file an amended return using Form 500X.

To receive the credit, a Zero Emission (ZEV) or Low Emission (LEV) Vehicle Certification Form must be submitted with the

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Legislative Issues

Review brief synopses of new laws that impact on Georgia's tax statutes.

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Commissioner's Letter

Georgia's second tax-free holiday is scheduled for Friday, Aug. 2 and Saturday, Aug. 3. The rules will be the same as those established for the first Shop Georgia! holiday that occurred March 29-30.

Georgia shoppers will be able to purchase certain items of clothing, footwear, computers and school supplies free of all state and local sales tax. More details about the nuts and bolts of Shop Georgia! are located on Page 1.



Jackson

I encourage individuals and retailers desiring more information to visit our website at www.gatax.org and use the Shop Georgia! link. Information is also available from our Regional Offices or the toll free number at (888) 353-4595. Retailers need to be mindful that they cannot "opt out" of the holiday period and they cannot advertise that they will pay the sales tax on any nonexempt items.

This issue of the *Revenue Quarterly* contains a brief synopsis of all tax related legislation passed during the last session of the Georgia General Assembly. There are several items that I would like to bring to your attention. House Bill 1026, the annual update legislation, brought Georgia tax law into conformity with the Internal Revenue Code as of Jan. 1, 2002. This legislation however, did not include compliance with federal legislation entitled the "Job Creation and Worker Assistance Act of 2002", which was enacted in March of 2002. Information about how to treat the adjustments that are required on Georgia returns due to this Act can be found by visiting our website at www.gatax.org and clicking on the link "Federal Tax Changes and How They Affect Georgia". Taxpayers who file amendments to their 2001 federal returns to take advantage of or comply with the March changes to the Internal Revenue Code should not amend their Georgia returns since Georgia has not adopted this Act.

We are in the process of wrapping up a very busy income tax processing year with almost 3.6 million personal income tax returns having been filed. Over 1.4 million of these returns were filed electronically. The department issued 48,500 more individual income tax refunds this year than last and the average refund increased to \$460. We are already in the final preparation stage for printing next year's Form 500 tax booklet.

T. Jerry Jackson
Commissioner

Johnson Appointed Alcohol-Tobacco Division Director

Ronald D. Johnson was appointed Director of the Department of Revenue's Alcohol and Tobacco Tax Division effective July 1.

"Ronald brings a wealth of experience



Johnson

in the enforcement of the state's alcohol and tobacco laws," said DOR Commissioner T. Jerry Jackson when making the

announcement.

Johnson joined the Revenue Department in 1977 as an enforcement officer trainee. In 1996, he was named Assistant Director of the Alcohol and Tobacco Tax Division.

Johnson began his law enforcement career with the Atlanta Department of Public Safety as a bomb technician.

He is a Vietnam and Marine Corps veteran.

Johnson replaces Chet Bryant who retired.

Jacobson Named Hearing Officer

Merrill Jacobson was named the Department of Revenue's Administrative Hearing Officer effective May 1.

"Based on his background and work experience, Merrill is a perfect fit for the Department's hearing officer job," said Commissioner T. Jerry Jackson.

Prior to joining the Department, Jacobson worked for five years as Assistant Counsel for the Pennsylvania Department of Revenue. He also worked for a brief period in the private sector for Ernst and Young.

Jacobson is a graduate of Vermont Law School.

2002 Legislative Tax Summary

Sales & Use Tax

Agricultural Commodities Exemption -- House Bill 1180 (O.C.G.A. §48-8-3(6.2)). **Effective Date: July 1, 2002.** Bill creates a new sales and use tax exemption for sales to any agricultural commodities commission created by and regulated pursuant to Chapter 8 of Title 2. There are 12 Commissions: apple, canola, corn, cotton, egg, milk, peach, pecan, peanut, soybean, sweet potatoes, and tobacco. This exemption is anticipated to be administered through the Certificate of Exemption (Form ST-5).

Sale Tax Holidays -- House Bill 1312 (O.C.G.A. §48-8-3 (75)). **Effective Date: March 5, 2002.** Legislation enacts a new sales and use tax exemption for two periods (March 29-30, 2002 and Aug. 2-3, 2002). The Sales Tax Holiday exempts certain clothing where the sales price does not exceed \$100 per item, the first \$1,500 of the sales price on computers and computer related accessories when purchased with a personal computer base unit, and the sale of school supplies where the sales price does not exceed \$20 per item. The exemption does not apply to rentals, sales in theme parks, entertainment complexes, public lodging establishments, restaurants or airports or to purchases for a trade, business or resale.

Computer Equipment Exemption -- House Bill 1441 (O.C.G.A. §48-8-3(68)). **Effective Date: Oct. 1, 2002.** Bill amends the exemption for computer equipment to change the definition of computer equipment; and to exclude telephone central office equipment (telephone switching equipment); and to exclude certain other computer equipment. It provides that any technology company qualified for the exemption that is affiliated with a non-qualifying entity must conduct a majority of its business with nonaffiliated third party companies. The regulation and exemption application will be revised to address the changes.

Mobile Telecommunications -- House Bill 1443 (O.C.G.A. §§48-8-6, 48-8-13 and 46-5-134). **Effective Date: May 14, 2002.** Bill creates a new section under the sales

tax statutes and amends O.C.G.A. § 46-5-134 to be consistent with the federal Mobile Telecommunications Sourcing Act, 4 U.S.C. Section 116-124, effective Aug. 1, 2002. Primarily, it provides a national uniform method of sourcing state and local taxes and fees on mobile telecommunications services. It also provides for an administrative remedy for consumers to correct local tax billing errors by the service provider before any legal action can be initiated against the provider.

Section 1: Amends O.C.G.A. §48-8-6 to source any sales tax or fee to the customer's primary place of use within the boundaries of the political subdivision (i.e. state or county) imposing the tax or fee.

Section 2:

(a) Creates a new section 48-8-13, adopting all terms and definitions from the federal act;

(b) Limits the application of this section to only taxes on mobile telecommunications services to consumers with a primary place of use in Georgia;

(c) Consumer administrative remedy provision;

(d) Allows provider to bundle taxable and nontaxable services into one charge without taxing the entire charge (only taxing the taxable portion), provided the company can identify the taxable and nontaxable services within its books and records;

(e) Allows the provider to be "held harmless" from any past tax liability, penalty or interest due solely as a result of incorrect assignment of the customer's primary place of use, under certain conditions; the provider must obtain and maintain the customers primary place of use subject to review by the Department.

Section 3: Amends O.C.G.A. §46-5-134 such that the provider will source local 911 charges like the mobile telecommunications sales tax charges (e.g. to the county of the customers primary place of use).

Section 4: Provides that if any of the provisions of the federal act are substantially limited or impaired by a court of competent jurisdiction, then all provisions are to be declared invalid. This will not materially effect Georgia's ability to tax these services (O.C.G.A. §48-8-2(6)(B)).

Section 5: Effective date to apply to charges billed on or after Aug. 2, 2002, con-

sistent with the effective date of the federal act (Aug. 1, 2002).

Revenue Regulation 560-12-2-.24 Communication Services will be amended.

Local Sales Tax Cap -- House Bill 1444 (O.C.G.A. §§48-8-6 and 48-8-111). **Effective Date: July 1, 2002.** Bill amends the cap on local county sales taxes of two percent to exclude the sales tax for educational purposes (ELOST exempted by constitution) and to allow MARTA to be excluded when a special purpose tax (SPLOST) is imposed exclusively for water and or sewer projects. If this SPLOST is imposed, it shall not apply to sales of accommodations or motor vehicles. Currently, this provision could only effect DeKalb and Fulton counties and would allow the overall rate in these two counties to increase to eight percent.

Additionally, this legislation amends the Special Purpose Tax Section (O.C.G.A. §48-8-111) to expand the definition of capital outlay projects to include a hospital operated by a county, hospital authority or nonprofit organization operating under contract with a county or hospital authority.

Gross Sales Definition -- House Bill 1446 (O.C.G.A. §48-8-2(4)). **Effective Date: May 14, 2002.** This legislation amends the definition of gross sales as it relates to local telephone service to allow the telephone service provider to bundle taxable and nontaxable services into one charge without taxing the entire charge (only taxing the taxable portion), provided the company can identify the taxable and nontaxable services within its books and records. The bill also entitles a customer to obtain the charges associated with the nontaxable portion from the phone company.

Georgia State Society of Daughters of the American Revolution -- House Bill 1521 (O.C.G.A. §48-8-3(7.2)). **Effective Date: July 1, 2002.** Bill creates a new sales tax exemption for sales to any chapter of the Georgia State Society of Daughters of the American Revolution that has been granted nonprofit status under Internal Revenue Code 501(c)(3) and obtains a certificate from the commissioner. This exemption is anticipated to be administered

through the issuance of a letter of authorization.

Income Tax

Annual Update -- House Bill 1026 (O.C.G.A. §48-1-2). Effective Date: April 18, 2002. Bill includes the amendment referred to as the "annual update" legislation. The amendment to O.C.G.A. §48-1-2 is the annual update to follow the Internal Revenue Code as it exists on Jan. 1, 2002. This update includes all applicable provisions of tax legislation signed into law during 2001. Applicable to taxable years beginning on or after Jan. 1, 2002. It is important to note that this bill does not include the Job Creation and Worker Assistance Act of 2002. Accordingly, adjustments must be made on Georgia returns for the 2002 act.

State Auditor -- House Bill 1285 (O.C.G.A. §§50-6-4, 50-6-9 and 50-6-29). Effective Date: May 1, 2002. Bill authorizes the State Auditor to inspect, compel production of and copy confidential information in any form unless the law making the information confidential expressly refers to this law and qualifies or supersedes it.

Retirement Exclusion -- House Bill 1313 (O.C.G.A. §48-7-27(a)(5)). Bill increases the retirement exclusion to \$14,500, for tax years beginning on or after Jan. 1, 2002, and prior to Jan. 1, 2003. For tax years beginning on or after Jan. 1, 2003, the retirement exclusion increases to \$15,000.

Zero Emission Tax Credit -- House Bills 1389 and 1439 (O.C.G.A. §48-7-40.16). Effective Date: April 25, 2002. Bills represent changes to the current law granting a Zero Emission Tax Credit. The bills define a "low speed vehicle" and create a mechanism for special tags and titles for the "low speed vehicles," as well as establishing rules of the road for the vehicles. Clarification is provided that a "low speed vehicle" does not qualify for the Zero Emission Tax Credit. The law creates a window of opportunity for claiming the Zero Emission Tax Credit by owners of a "low speed vehicle" who purchased or leased such vehicle and placed it in service during the 2001 calendar year.

Technical Corrections -- House Bill

1434 (O.C.G.A. §§48-7-1, 48-7-27, 48-7-30, 48-7-31.1, 48-7-40.22, 48-7-60, 20-3-632, 20-3-633, 20-3-634, 20-3-635, 20-3-637, 20-3-638 and 20-3-642).

The major income tax provisions of this bill are listed below.

1. Changes various provisions regarding the Georgia Higher Education Savings Plan:

a) Clarifies that the \$2,000 deduction is only available to parents and guardians who are the owner(s) of the account.

b) Clarifies the treatment of withdrawals from the account.

c) Eliminates the previous annual contribution limit of \$8,000.

d) Previously the limit of total contributions for each beneficiary was \$120,000. Contributions can now be made until the total account balance for each beneficiary reaches \$235,000.

2. Changes O.C.G.A. §48-7-31.1 (Conditions for allocating taxpayer's income pursuant to agreement) by specifying which records are public records open for inspection and provides criteria for determining whether a proposal has significant economic benefit on the region for which it is planned.

3. Changes O.C.G.A. §48-7-60 confidentiality provisions when it is necessary to conduct research commissioned by the Department.

4. Changes O.C.G.A. §48-7-40.22 (Credit to business enterprises for leased motor vehicles) by:

a) Defining a motor vehicle.

b) Clarifying that each vehicle for which a credit is claimed must have an average daily ridership of not less than four employees for an entire taxable year.

c) Clarifying that if the Low or Zero Emission Tax Credit is claimed when the vehicle is purchased, the credit authorized in HB 1434 will not be allowed.

d) Providing for recapture provisions for the credit.

Items 1 and 4 took effect on April 11, 2002, and are applicable to taxable years beginning on or after Jan. 1, 2002. Items 2 and 3 took effect on April 11, 2002.

Restoration Tax Credit for Certified Structures and Historic Homes -- House Bill 1441 (O.C.G.A. §48-7-29.8). Effective Date: Jan. 1, 2004, and will be applicable to all taxable years beginning on or

after that date. Bill creates tax credit rewards for "certified rehabilitation" of a certified structure or a historic home. The credit requires meeting standards set by the Department of Natural Resources. The maximum amount allowable for the credit is \$5,000.

Transfer of Credit -- House Bill 1441 (O.C.G.A. §48-7-42). Effective Date: May 14, 2002. Bill changes the current law allowing the transfer of credits among affiliated entities. Prior to the passage of this bill, a credit had to be transferred in its entirety to one affiliated member by a transferring entity. Based on the changes presented in this bill, Companies will be able to transfer credits in whole or in part to affiliated entities.

Rural Physicians Tax Credit -- House Bill 1565 (O.C.G.A. §48-7-29). Effective Date: Jan. 1, 2003, applies to all taxable years beginning on or after that date. Changes the definition of "rural hospital" to be an acute-care hospital located in a rural county that contains fewer than 100 beds (instead of fewer than 80 beds). Prior law required a physician to live in a rural county. This bill now also allows a rural physician living in a county contiguous to the rural county in which he practices to qualify for the credit.

Georgia Limited Liability Act -- Senate Bill 253 (O.C.G.A. §§14-11-101, 14-11-308, 14-11-405, 14-11-502, 14-11-601, 14-11-601.1 and 14-11-602). Bill makes various "technical corrections" to the "Georgia Limited Liability Act." Included are changes to the approval rights of members, changes to provisions relating to distributions upon the event of dissociation, changes to provisions relating to assignment of a limited liability interest, changes to provisions relating to cessation of membership, and changes to limit the withdrawal from a limited liability company.

Property Tax

Tax Sales Excess Funds Payment -- House Bill 337 (O.C.G.A. 48-3-19, 48-4-1, 48-4-5 and 48-4-42). Effective Date: May 21, 2002. Bill repeals completely the law providing for the sale and transfer of tax executions to individuals or in lot

blocks, thus removing the ability of individuals to purchase fifas and exercise the same power and authority as the tax commissioner in collecting such fifas.

Bill modifies the provision of O.C.G.A. 48-4-1, which permits two or more tax executions to be combined and a single sale held to collect the tax, and adds a provision that notice only has to be given to the defendant on at least one of the executions. It also provides that the 12-month period of redemption on all such consolidated executions starts on the date of the sale.

Bill also deals with the excess funds left over from a tax sale and allows the tax commissioner to deposit the funds with the superior court where actions may be filed by interested parties for such excess (O.C.G.A. 48-4-5).

Bill reduces the amount that must be paid by a former owner to redeem property that has been sold at a tax sale in certain instances. The first year premium remains at 20 percent of the sale price, but the subsequent year premiums have been reduced from 20 percent to 10 percent. Also the 20 percent premium added when the new owner has sent the required notice that the right of redemption is about to be lost in 30 days has been eliminated altogether and the new owner can only recover the cost of such notice.

Waive Interest Unpaid Taxes -- House Bill 547 (O.C.G.A. 48-5-242). **Effective Date: July 1, 2002.** Bill allows the tax commissioner to waive interest on delinquent state, county, municipal or school taxes they collect subject to the approved of the county governing authority, which may reserve the right to rule on waiver requests on a case by case basis or delegate the authority to waive interest to the tax commissioner subject to strict rules and regulations or general guidelines as suits the commissioners.

Distribution Forfeited Property -- House Bill 783 (O.C.G.A. 16-13-49). **Effective Date: May 16, 2002.** Bill adds new options for the court to distribute confiscated real property which is forfeited due to the presence of certain contraband items on the property. It allows such property to be turned over to the state, counties, cities or land bank authorities.

Butts County Homestead Exemption -- House Bill 1106 (O.C.G.A. 48-5-40(3)(L)). **Effective Date: July 1, 2002.** Bill revises the population brackets in the code to the new 2000 census numbers to allow Butts County homeowners living on leased property, primarily lake lots, to continue receiving a homestead exemption. Normally, ownership of the land is required to qualify.

Surviving Spouses of Certain Military Personnel -- House Bill 1217 (O.C.G.A. 48-5-52.1). **Effective Date: May 13, 2002.** Bill amends the code and extends the disabled veterans exemption to unremarried surviving spouses of veterans who were not killed in a war or armed conflict (current law) but died later as a result. **Bill must be ratified by the citizens of Georgia in the November 2002 election, if ratified the act will be in effect Jan. 1, 2003.**

Certain Historic Property Exemption -- House Bill 1244 (O.C.G.A. 48-5-41) **Effective Date: May 14, 2002.** Bill establishes a tax exemption for certain historic property, which is listed on the National or Georgia Register for Historic Places and owned by a nonprofit corporation, which houses a medical museum or medical society. **Bill must be ratified by the citizens of Georgia in the November 2002 election, if ratified the act will be in effect Jan. 1, 2003.**

Removal of Board of Tax Assessors Members -- House Bill 1278 (O.C.G.A. 48-5-295) **Effective Date: July 1, 2002.** Bill adds a provision that a hearing before a judge is required before removing any assessor from office (current law affords this right only when the assessor is also an appraiser). The bill further adds a pattern of incorrect assessments or the failure to maintain uniformity as grounds for removing an assessor from office.

Certain Commercial Dockside Facilities Ad Valorem Tax Exemption -- House Bill 1288 (O.C.G.A. 48-5-7) Bill provides for the assessment for ad valorem tax purposes of certain commercial dockside facilities whose primary use is the landing and processing of seafood at 20 percent of its fair market value rather than 40 percent. **Effective Date: January 1, 2003 provided the voters of Georgia in the November 2002 election ratify the companion House Reso-**

lution 364, otherwise it stands repealed.

Property Preferential Use Covenant -- House Bill 1321 (O.C.G.A. 48-5-7.1, 48-5-7.4, 36-89-1, 36-89-2, 36-89-4, and 36-89-5). **Effective Date: May 14, 2002.** **Applicable to all taxable years beginning on or after January 1, 2002.** Bill provides an "early out" option three years into a renewal conservation or preferential use covenant where the taxpayer is at least 65 years old. Normally the covenants are for a full 10 years.

Bill also allows the property owner to use the property for hunting purposes and still qualify for conservation use assessment. Previous law only allowed the hunting rights to be leased to others.

This bill clarifies some of the language on the administration of the homeowner tax relief grant credits and extends the credits to apply to taxes levied by municipalities and within special tax districts.

Ad Valorem Tax Exemption Certain Fishing Vessels -- House Bill 1391 (O.C.G.A. 48-5-41). **Effective Date: May 14, 2002.** Bill seeks to provide a tax exemption for commercial fishing vessels whose primary use is the catching of seafood. **Bill must be ratified by the citizens of Georgia in the November 2002 election, if ratified the act will be in effect Jan. 1, 2003.**

Clarke County Population Bracket -- House Bill 1449 (O.C.G.A. 48-5-18 paragraph h). **Effective Date: July 1, 2002.** Bill updates a population bracket, which only includes Clarke County, to continue to permit them to use March as a deadline for filing property tax returns. Normal deadline is April 1.

DeKalb, Cobb County Population Brackets -- House Bill 1489 (O.C.G.A. 48-5-24). **Effective Date: July 1, 2002.** Bill updates the population brackets to allow DeKalb County to continue their provisions for two-installment ad valorem tax billing. Bill updates the population brackets to allow Fulton County to continue charging an additional 12 percent interest on tax bills that exceed \$1,000.

Bill updates the population brackets to allow Cobb County to continue to bill in installments with a first installment deadline of Aug. 15 and a second installment

deadline of Oct. 15.

Clarke County Homestead Exemption -- House Bill 1559. (O.C.G.A. 48-5-45). Effective Date: July 1, 2002 Bill updates the population bracket to allow Clarke County to continue to use March 31 as the deadline for taking homestead exemptions. Normally this deadline is June 1.

Tax Defaulter -- House Resolution 126 (Article X, Section I, Paragraph II of the Constitution) Effective Date: This resolution must be ratified by the voters of Georgia in the November 2002 election, if ratified this resolution becomes law immediately. Resolution, if ratified by the voters, would make a person ineligible to hold an elected or appointed office if they are a defaulter on any federal, state, county, municipal or school systems taxes. The ineligibility may be removed by the payment of the tax.

Certain Dockside Facilities -- House Resolution 364. (Article VII, Section I, Paragraph III of the Constitution). Effective Date: This resolution must be ratified by the voters of Georgia in the November 2002 election, if ratified this resolution becomes law immediately. Resolution authorizes the General Assembly to establish a separate class of property and separate methods of taxing commercial dockside facilities consisting of real and personal property whose primary use is the landing and processing of seafood. The enabling legislation is HB 1288, which would tax this type property at 20 percent rather than 40 percent of fair market value.

Community Redevelopment Tax Incentive Program -- House Resolution 391. (Article IX, Section II, Paragraph VII of the Constitution). Effective Date: Resolution must be ratified by the voters of Georgia in the November 2002 election, if ratified this resolution becomes law immediately. Resolution empowers counties and cities to establish community redevelopment tax incentive programs for properties, other than homes, maintained in a blighted condition area, and tax the properties in such districts at a higher rate of taxation. It also provides for the counties and municipalities to decrease the taxation, even below taxes charged similar properties not in

the blighted area, if the owners submit an acceptable plan to rehabilitate the properties over time.

Certain Low-Income Projects -- House Resolution 1073. (Article VII, Section I, Paragraph III of the Constitution). Effective Date: Resolution must be ratified by the voters of Georgia in the November 2002 election, if ratified this resolution becomes law immediately. Resolution authorizes the General Assembly to create a separate class of property for ad valorem tax purposes for qualified low-income building projects and allow different rates, methods and assessment dates for this type of property.

Cobb, Gwinnett County Tax Collector's Commissions -- Senate Bill 354 (O.C.G.A. 48-6-73). Effective Date: July 1, 2002. Bill revises the population brackets to prevent Cobb and Gwinnett from moving into a different bracket that would have reduced their commissions on recording intangible tax from 6 percent to 4 percent. Currently only DeKalb and Fulton are in the 4 percent bracket, but Cobb and Gwinnett would have joined them without this bill.

DeKalb Ad Valorem Installment Payments -- Senate Bill 405 (O.C.G.A. 48-5-24) Effective Date: July 1, 2002. Bill updates the population brackets to permit DeKalb County to continue collecting ad valorem taxes in two installments with different due dates and penalty provisions than that provided in the general statute.

Alcohol Division

Regional Economic Assistance Project -- House Bill 1482 (O.C.G.A. § 50-8-191). Effective Date: April 25, 2002. Changes provisions relating to the minimum criteria for application as a regional economic assistance project (REAP). Authorizes the commissioner of the Department of Community Affairs to waive criteria under certain conditions.

(REAP) minimum criteria:

A project, in combination with any adjacent facility included by a reciprocal use agreement shall:

- Be not less than 250 acres in size or be located on or adjacent to a lake of not

less than 2,500 acres

- Have zoning which is appropriate to the planned uses and plans and be consistent with land use regulations; and

- Meet at least three of the following criteria

- One or more regulation 18-hole golf courses with a clubhouse providing food service or have a commercial boat marina of not less than 300 boat slips with a facility providing food service;

- A full-service restaurant with minimum seating for 75 or more persons;

- At least 100 residential units;

- At least 200 rooms for overnight stays;

- Conference facilities with capacity for 150 participants; or

- Be located in a county in which a state operated facility or authority provides services or products, or both to the general public.

The commissioner of the Department of Community Affairs may waive not more than one of the criteria set forth in the Code and regulations if the commissioner determines that the project will confer substantial benefits upon the local jurisdiction.

Internal Administration

Check Deposit -- SB 323 (O.C.G.A. §48-2-17). Effective Date: May 16, 2002. Bill changes provisions related to payment of money and collections received by the Department of Revenue to the Office of Treasury and Fiscal Services, by setting a maximum of 45 days between receipt of monies and date of deposit.

New Office Location In Columbus

Effective July 27, the Department of Revenue regional office in Columbus will move to a new location at 1501 13th Street, Suite A. The telephone number remains the same (706) 649-7451.



A ribbon cutting ceremony for the Department of Revenue's new location at 1800 Century Center Boulevard was held on May 30. Participating in the event were (from left) Highwoods Property representative Gene Anderson, DeKalb County Executive Assistant Richard Stogner, District 2 DeKalb County Commissioner Gail Waldorf and Georgia Revenue Commissioner T. Jerry Jackson. (Photo By Todd Kelly)

Tax Considerations In Starting A Nonprofit Organization

There are several tax-related issues an individual must consider, if they want to start a nonprofit organization. The first step is to obtain an Internal Revenue application packet 1023 or 1024.

The packets can be obtained by calling the IRS forms number 800-829-3676 or you can visit the IRS web site at www.irs.org and use the link for charities and nonprofits. The packets are available on line.

If the organization is going to be incorporated or will solicit contributions from the public, you should contact the Georgia Secretary of State's office. Incorporation questions should be directed to Corporations Division at 404-657-2817. Questions about solicitation should be directed to Securities and Business Regulation at 404-656-3920.

After you receive your determination letter from the IRS and your certificate of incorporation from the Secretary of State's Office, you need to apply for a state income tax determination letter. This is done on form 3605 (Application for State Income Tax Determination Letter).

If you will have employees, you need to register for withholding tax with the IRS and Georgia Department of Revenue. Contact DOR withholding at 404-417-2311.

Additional information is available on DOR's web site www.gatax.org or by contacting one of its regional offices.

Bush Designates Afghanistan As Combat Zone

On Dec. 14, 2001, President Bush signed an executive order designating Afghanistan as a combat zone retroactive to Sept. 19, 2001.

This means that some of the pay military members received while serving in Afghanistan is excluded from their adjusted gross income and therefore is not included as taxable income in Georgia.

Additionally, the time for filing Georgia income tax returns and payment of tax by armed service personnel returning from duty outside the United States is extended without application. The extension is up to six months immediately following the individual's return to the United States. No penalties or interest accrues during this period.

Taxpayers having questions or desiring more information about this issue can visit the Internal Revenue web site at www.irs.gov and do a search for Afghanistan or they can visit a Department of Revenue regional office.

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for the Questions and Answers or item 516 for the list of exempt and nonexempt items.

Zero Emission Tax Continued from page 1

return. To obtain the form, e-mail the Georgia Department of Natural Resources at james_udi@mail.dnr.state.ga.us or call 404-363-7046.

The Revenue Quarterly is a publication of the Georgia Department of Revenue. Comments, suggestions and mailing list additions or corrections should be addressed to the Georgia Department of Revenue, Public Information Office, 1800 Century Center Boulevard, Suite 15114, Atlanta, GA 30345-3205. The telephone number is 404-417-2106. Address e-mail to cwwilley@gw.rev.state.ga.us.

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Revenue Collections Finish Down 5% For FY 2002

State Revenue Commissioner T. Jerry Jackson announced on July 10 that collections for FY 2002 totaled \$13,090,451,065.31 compared to \$13,776,659,131.54 for FY 2001, a decrease of \$686,208,066.23. The percentage decrease for the fiscal year was 5.0 percent.

Net revenue collections for the month of June totaled \$1,334,712,459.08 compared to \$1,353,041,620.22 for June 2001, a decrease of \$18,329,161.14. The percentage decrease for the month was 1.4 percent.

FY 2002 Compared to FY 2001

*Sales and Use Taxes	\$5,026,018,278.40	down	(\$100,399,002.07)	-2.0%
Motor Fuel Tax	\$457,248,463.49	up	\$12,269,784.27	2.8%
Individual Tax	\$6,487,637,799.31	down	(\$438,396,817.60)	-6.3%
Corporate Income Tax	\$588,480,023.44	down	(\$136,293,061.67)	-18.8%
Cigar and Cigarette Tax	\$94,092,518.63	up	\$12,689,014.32	15.6%
**Motor Vehicle Fees	\$69,916,995.17	up	\$6,071,026.17	9.5%
Liquor Tax / Fees	\$38,957,703.59	up	\$870,232.35	2.3%
Malt Beverage Tax / Fees	\$85,146,960.98	up	\$1,812,307.94	2.2%
Estate Tax	\$122,095,673.28	down	(\$4,956,611.00)	-3.9%
Property Tax	\$56,152,076.50	up	\$5,197,738.63	10.2%
Wine Tax / Fees	\$21,772,290.18	up	\$626,129.87	3.0%
Miscellaneous	\$42,932,282.34	down	(\$45,698,807.44)	-51.6%
Total	\$13,090,451,065.31		(\$686,208,066.23)	-5.0%

*** Includes 2nd Motor Fuel Tax (12 months) - \$190,552,161.93**

****The Department of Motor Vehicle Safety began reporting Motor Vehicle fees in November 2001. Prior to November, the Department of Revenue collected and reported all Motor Vehicle fees. For purposes of this report, Motor Vehicle Fees represent four months of collections by the Department of Revenue during fiscal year 2002 compared to Motor Vehicle fee collections during the same reporting period in fiscal year 2001.**

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